STORAENSO

Paper,
packaging
&
forest products

Financial Issues and Market Outlook

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Financial Results Q3 2007

	II/07	III/06	III/07	% Change Q307/Q306	% Change Q307/Q207
Sales (EUR million)	3 355.9	3 212.2	3 234.5	0.7	-3.6
Operating profit* (EUR million)	252.4	246.2	252.0	2.4	-0.2
Operating profit (EUR million)	276.8	83.2	-297.4	n/a	n/a
EPS (EUR)	0.22	0.12	-0.33	n/a	n/a
EPS* (EUR)	0.19	0.21	0.23	9.5	21.1
Cash EPS* (EUR)	0.46	0.49	0.48	-2.0	4.3
ROCE*	9.6	10.0	9.4	-6.0	-2.1
Debt/Equity	0.55	0.63	0.44	-30.2	-20.0

*excluding non-recurring items

Reconciliation of Operating Profit
Continuing Operations, EUR million

	1-9/2006	1-9/2007	Change	Q3-06	Q2-07	Q3-07	YoY	QtQ
Result from Operations, excl NRI	586	688		204	211	190		
Associated Companies, normal result	62	62		13	20	18		
Result from Operations Total, excl NRI	**648**	**750**	**16%**	**217**	**231**	**207**	**-4%**	**-10%**
Non-operative Items	19	34		30	21	- 3		
Non-operative Items, Associated Companies		48				48		
Operating Profit, excl NRI	**667**	**832**	**25%**	**246**	**252**	**252**	**2%**	**0%**
Non-Recurring Items	- 180	- 537		- 163	24	- 549		
Operating Profit, as reported	**487**	**295**	**-39%**	**83**	**277**	**- 297**	**n/m**	**n/m**

Operating profit by Segment (excl. NRIs)
2006 – Q3 2007

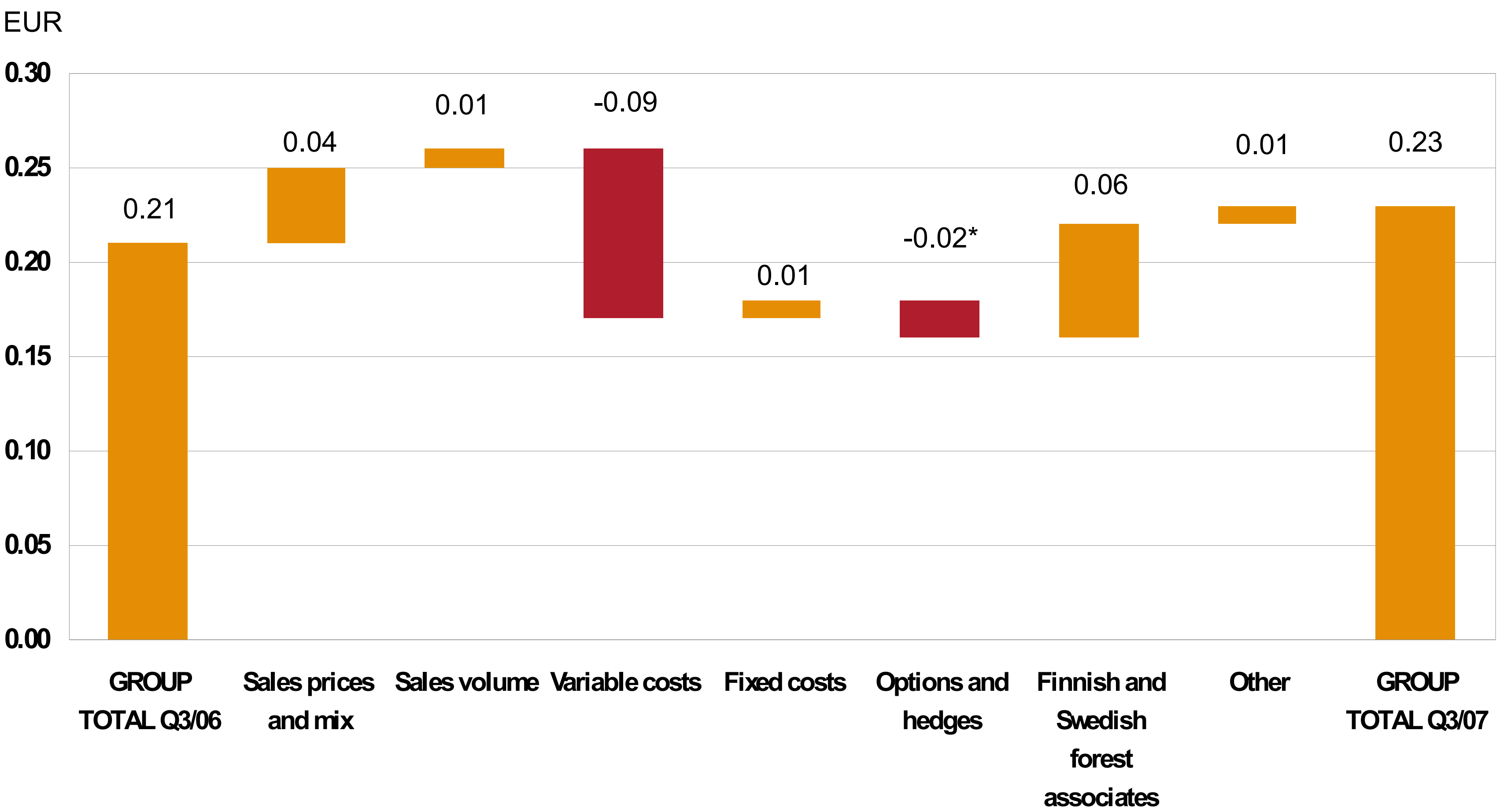
EUR million	Q1/06	Q2/06	Q3/06	Q4/06	2006	Q1/07	Q2/07	Q3/07
Newsprint	55.9	57.6	61.0	57.6	232.1	61.1	50.2	52.2
Magazine Paper	24.0	12.3	12.0	22.4	70.7	13.0	9.6	17.0
Fine Paper	44.4	50.3	29.8	28.2	152.7	60.2	34.6	38.6
Merchants	9.6	2.9	7.7	12.5	32.7	16.6	8.2	7.9
Consumer Board	81.3	55.9	64.3	39.4	240.9	72.4	29.0	27.0
Industrial Packaging	18.5	18.1	26.1	22.3	85.0	29.3	29.7	24.9
Wood Products	4.1	15.0	22.0	22.3	63.4	54.8	59.3	37.1
Other	37.5	-67.0	23.3	13.1	6.9	19.8	31.8	47.3
Operating Profit excl. NRI	**275.3**	**145.1**	**246.2**	**217.8**	**884.4**	**327.2**	**252.4**	**252.0**
NRI	-23.2	6.7	-163.0	36.6	-142.9	-12.0	24.4	-549.4
Operating Profit (IFRS)	**252.1**	**151.8**	**83.2**	**254.4**	**741.5**	**315.2**	**276.8**	**-297.4**
Net financial items	81.3	-67.3	-24.7	-19.6	-30.3	-38.7	-56.1	-26.9
Profit before Tax and Minority Interests	333.4	84.5	58.5	234.8	711.2	276.5	220.7	-324.3

Associated Companies by Segment
2006 – Q3 2007

EUR million	Q1/06	Q2/06	Q3/06	Q4/06	2006	Q1/07	Q2/07	Q3/07
Newsprint	-	-	-	-	-	-	-	-
Magazine Paper	2.3	0.8	3.2	3.8	10.1	3.6	1.2	-0.5
Fine Paper	7.6	-1.6	5.0	1.5	12.5	5.1	-3.9	4.2
Merchants	-	-	-	-	-	-	-	0.1
Consumer Board	-	-	-	-	-	-	-	-
Industrial Packaging	0.1	0.4	-0.2	0.1	0.4	0.1	0.1	0.2
Wood Products	0.4	0.0	0.0	0.2	0.6	-	-	-
Other	20.3	18.6	5.1	20.4	64.4	15.3	22.6	61.5
Continuing Operations Total	**30.7**	**18.2**	**13.1**	**26.0**	**88.0**	**24.1**	**20.0**	**65.5**

Change in EPS Q3 2006 to Q3 2007

Unbearable variable cost increase



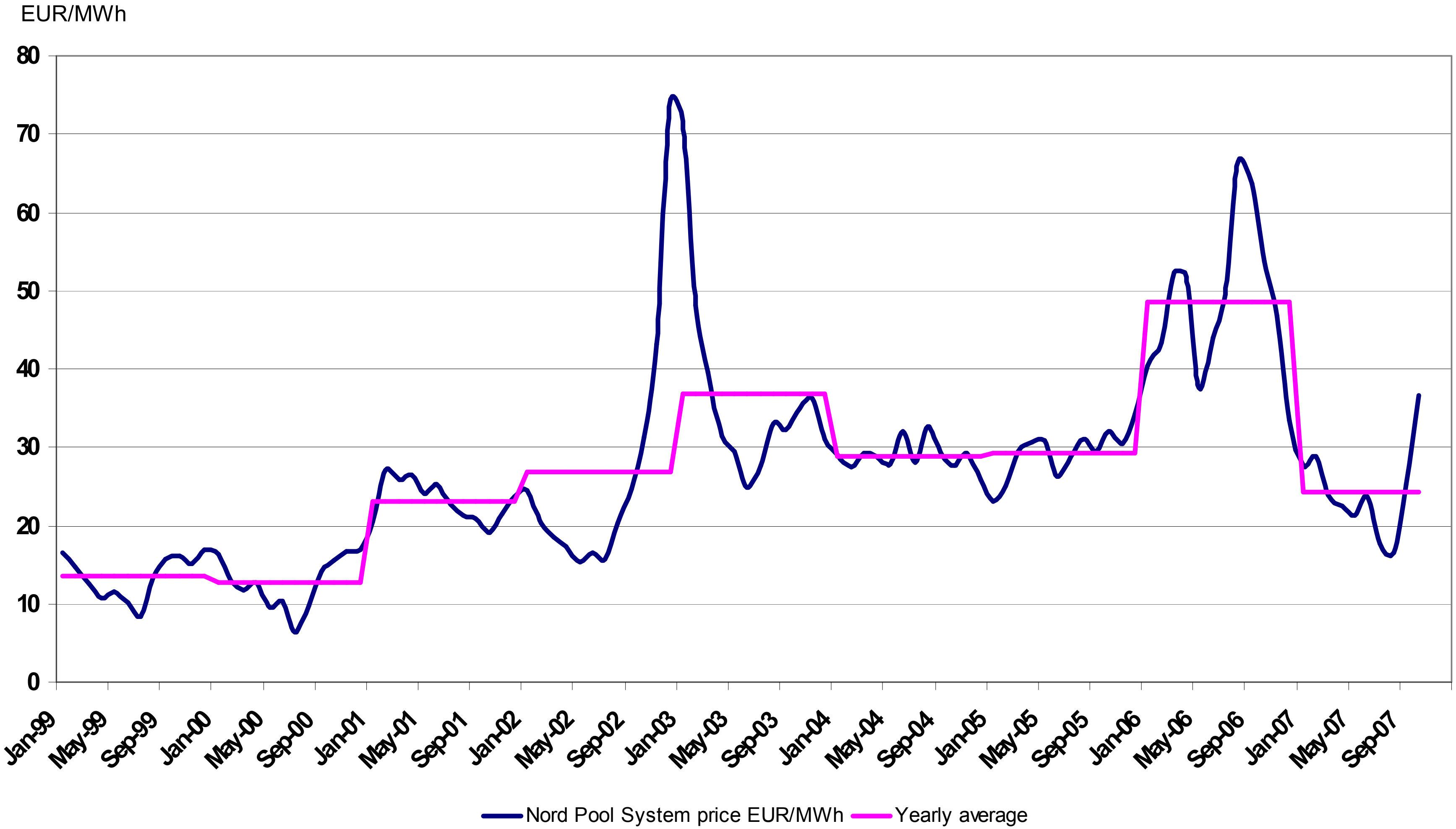
* Options and hedges is a net of share-based compensation fair value movements and the impact of the hedging instruments

Excluding non-recurring items

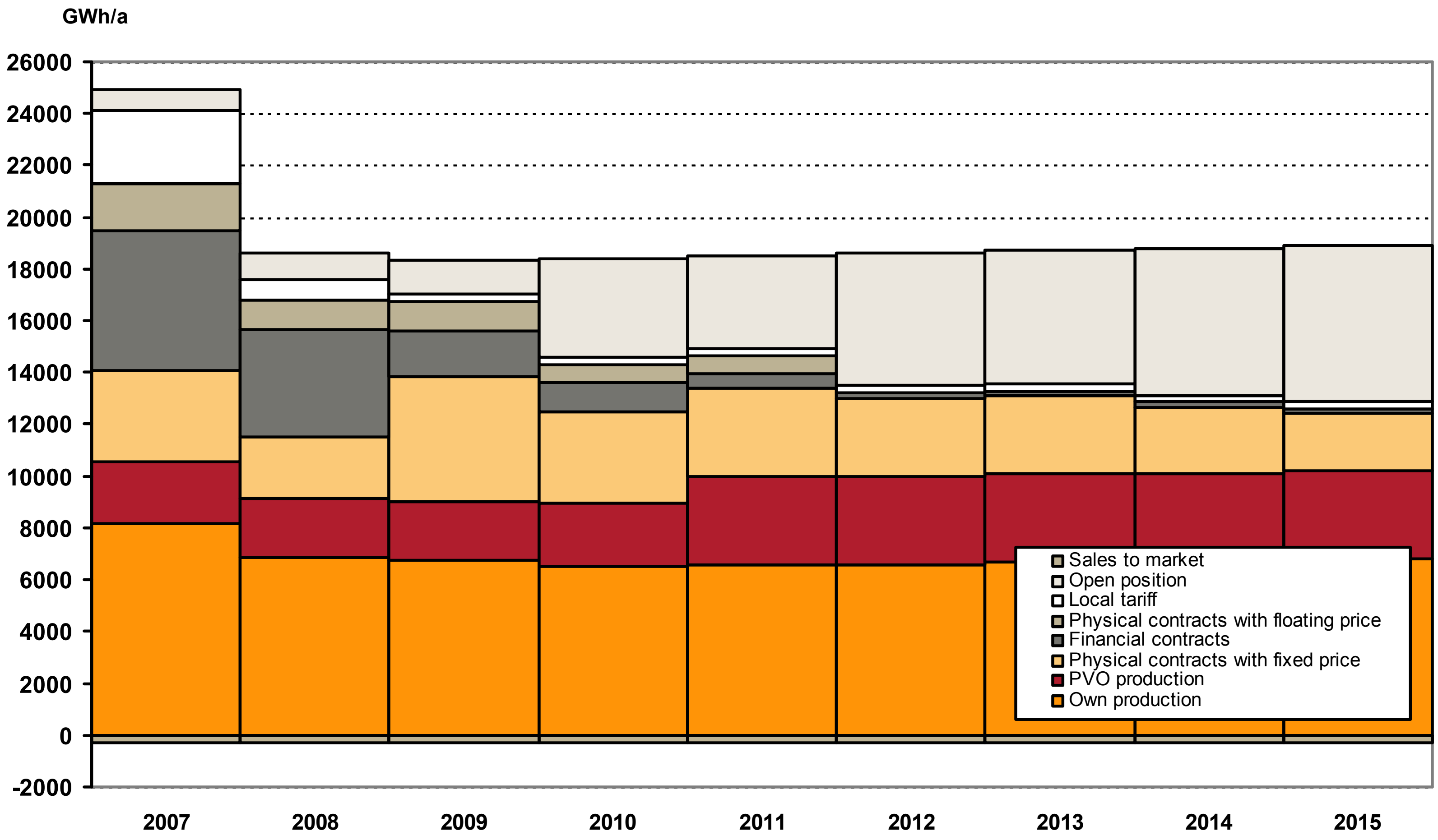
Cost inflation

- Guidance for cost inflation 2007 vs 2006 of about 3.5% is maintained
- Wood costs the main driver
  - Far greater impact in 2H vs 1H 2007, as expected
- Other key input costs are relatively stable

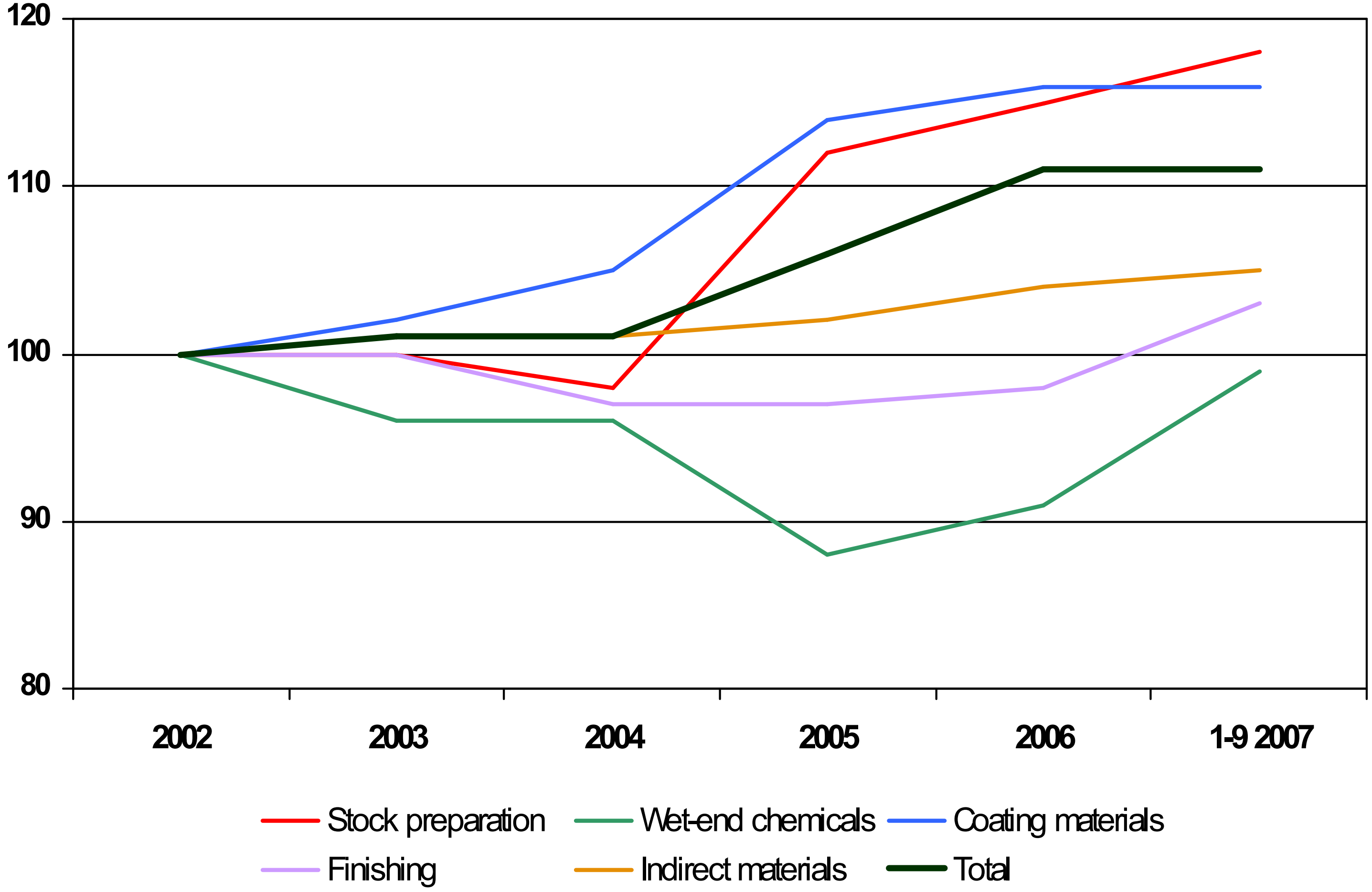
Nord Pool electricity price development
Jan 1999 – Oct 2007



Stora Enso energy procurement and hedging proflile
excl SENA from Q1 2008 & announced closures as planned



Relative procurement price trends
2002 – 1-9 2007 (indexed)



Currency effect on annual operating profit

EUR million	+/- 10% effect on operating profit
USD	135
SEK	120
GBP	60

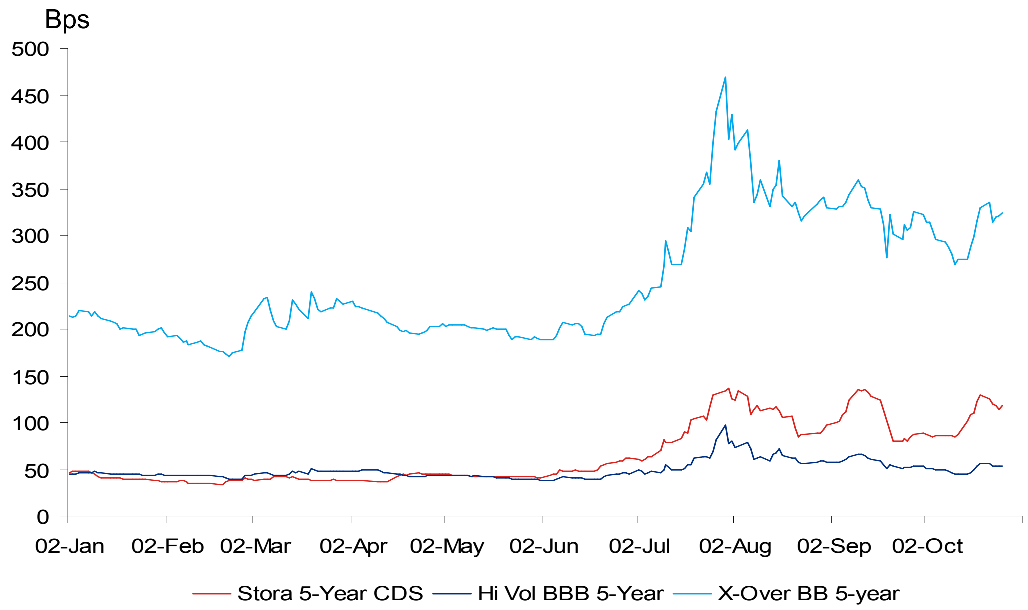
- Current hedging rates: about 30% of annual exposure
- Target is to reach hedging level of about 50% over 12 month period
- Indirect impact of currency movements on operating result is more difficult to quantify:
  - Impact on product prices and trade flows

Credit ratings

Baa3 (Negative) / A3 (16 April, 2007)

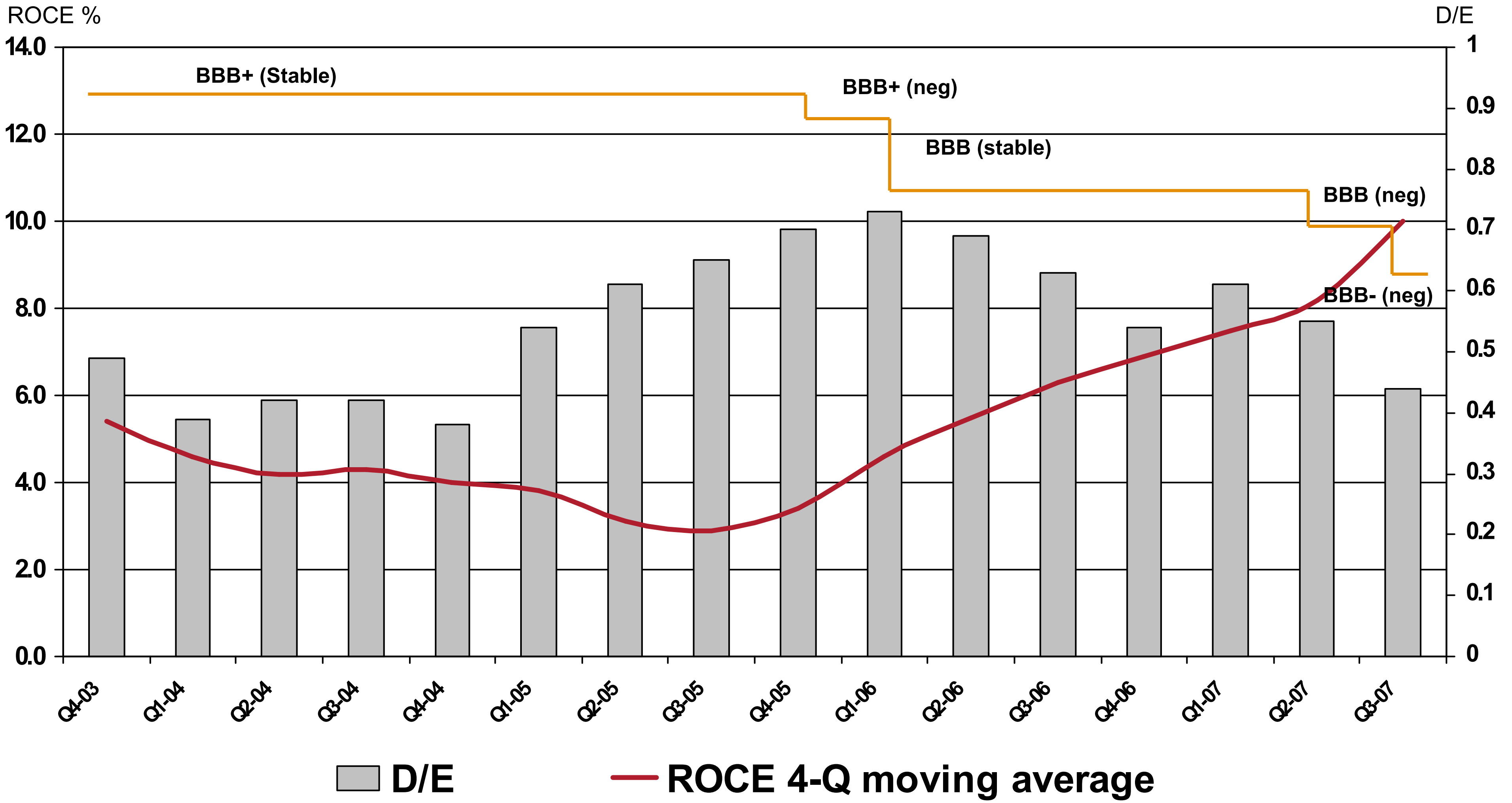
BBB- (Negative) / P3 (22 October 2007)

Stora Enso credit spread (5Yr CDS) vs. BBB and BB index



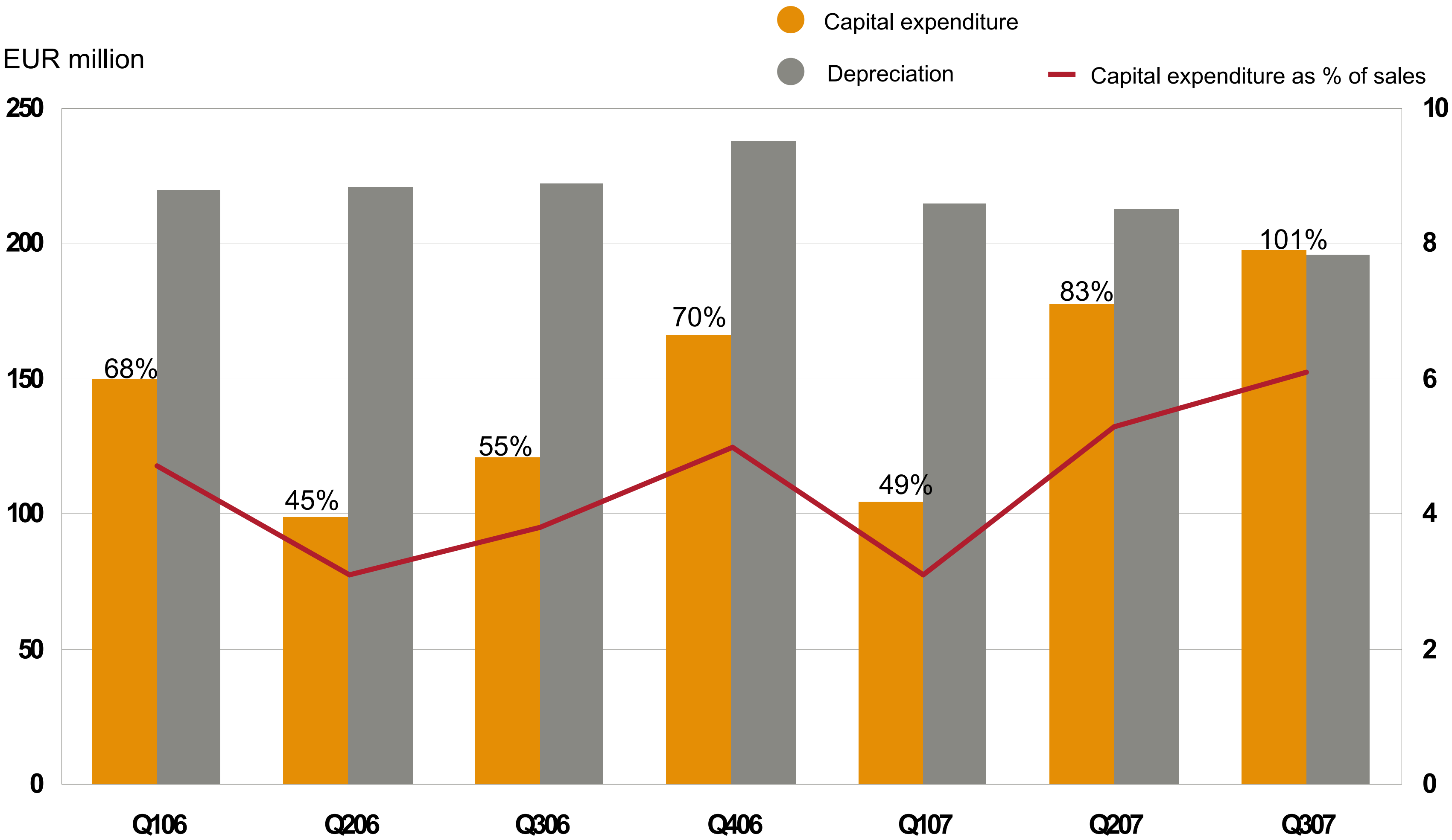
- Rating Agencies negative outlook for the industry mitigated by improved credit ratios and stronger balance sheet
- Recent rating actions and market volatility has not affected the access to, or pricing of, short term debt
- No current long term funding requirements and well structured maturity profile minimises refinancing risk

Financial performance and rating development (Standard & Poor's)



Based on EBIT excluding non-recurring items (and goodwill amortisation in 2002-2004)

Capital expenditure and depreciation



Note: Continuing operations

Capex guidance for FY 2007 = EUR 800-850 million

Planned reorganisation of administrative functions

Unit/Function	Location	Number of employees	Time of planned action
Corporate and country level staff	Finland, Sweden, the UK and Germany	90	
Shared Service Centres	Finland, Sweden and Germany	150	Planning the change starts early 2008, with intended implementation within a year
Research Centres	Sweden	60	

Near-term Market Outlook

Business Area	Demand development	Price development
Newsprint	Flat demand expected.	Prices are expected to remain unchanged, according to annual agreements.
Magazine Paper	Benefits from improved seasonal demand, which is expected to remain firm.	Prices have stabilised and an increase for non-contractual coated magazine paper business is predicted. Uncoated magazine prices are expected to remain stable.
Fine Paper	Demand outlook is moderating.	Price increases are moderating.
Consumer Board	Flat demand is forecast.	Price rises are partly offset by weak U.S. dollar.
Industrial Packaging	Good demand is expected to continue.	Prices are improving slightly.
Wood Products	Market is oversupplied; outlook for deliveries is rapidly depressing.	Price outlook is rapidly depressing.